

House File 76 - Introduced

HOUSE FILE 76
BY WESSEL-KROESCHELL

A BILL FOR

1 An Act providing for an increase in the maximum local option
2 sales tax rate to fund local natural resources and outdoor
3 recreation projects.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423B.1, subsections 5 and 8, Code 2017,
2 are amended to read as follows:

3 5. The county commissioner of elections shall submit the
4 question of imposition of a local option tax at an election
5 held on a date specified in [section 39.2, subsection 4](#),
6 paragraph "a". The election shall not be held sooner than sixty
7 days after publication of notice of the ballot proposition.
8 The ballot proposition shall specify the type and rate of tax
9 and in the case of a vehicle tax the classes that will be
10 exempt and in the case of a local sales and services tax the
11 date it will be imposed which date shall not be earlier than
12 ninety days following the election. The ballot proposition
13 shall also specify the approximate amount of local option tax
14 revenues that will be used for property tax relief and shall
15 contain a statement as to the specific purpose or purposes for
16 which the revenues shall otherwise be expended. If the county
17 board of supervisors decides under [subsection 6](#) to specify a
18 date on which the local option sales and services tax shall
19 automatically be repealed, the date of the repeal shall also
20 be specified on the ballot. The rate of the vehicle tax shall
21 be in increments of one dollar per vehicle as set by the
22 petition seeking to impose the tax. The rate of a local sales
23 and services tax shall not be more than one and three-eighths
24 percent as set by the governing body. The state commissioner
25 of elections shall establish by rule the form for the ballot
26 proposition which form shall be uniform throughout the state.

27 8. Local option taxes authorized to be imposed as provided
28 in [this chapter](#) are a local sales and services tax and a local
29 vehicle tax. The rate of the tax shall be in increments of one
30 dollar per vehicle for a vehicle tax as set on the petition
31 seeking to impose the vehicle tax. The rate of a local sales
32 and services tax shall not be more than one and three-eighths
33 percent as set by the governing body.

34 Sec. 2. Section 423B.5, subsection 1, Code 2017, is amended
35 to read as follows:

1 1. A local sales and services tax at the rate of not
2 more than one and three-eighths percent may be imposed by a
3 county on the sales price taxed by the state under chapter
4 423, subchapter II. A local sales and services tax shall be
5 imposed on the same basis as the state sales and services tax
6 or in the case of the use of natural gas, natural gas service,
7 electricity, or electric service on the same basis as the state
8 use tax and shall not be imposed on the sale of any property
9 or on any service not taxed by the state, except the tax shall
10 not be imposed on the sales price from the sale of motor fuel
11 or special fuel as defined in [chapter 452A](#) which is consumed
12 for highway use or in watercraft or aircraft if the fuel tax
13 is paid on the transaction and a refund has not or will not
14 be allowed, on the sales price from the sale of equipment by
15 the state department of transportation, or on the sales price
16 from the sale or use of natural gas, natural gas service,
17 electricity, or electric service in a city or county where the
18 sales price from the sale of natural gas or electric energy is
19 subject to a franchise fee or user fee during the period the
20 franchise or user fee is imposed. A local sales and services
21 tax is applicable to transactions within those incorporated
22 and unincorporated areas of the county where it is imposed and
23 shall be collected by all persons required to collect state
24 sales taxes. All cities contiguous to each other shall be
25 treated as part of one incorporated area and the tax would be
26 imposed in each of those contiguous cities only if the majority
27 of those voting in the total area covered by the contiguous
28 cities favors its imposition. In the case of a local sales and
29 services tax submitted to the registered voters of two or more
30 contiguous counties as provided in section 423B.1, subsection
31 4, paragraph "c", all cities contiguous to each other shall be
32 treated as part of one incorporated area, even if the corporate
33 boundaries of one or more of the cities include areas of more
34 than one county, and the tax shall be imposed in each of those
35 contiguous cities only if a majority of those voting on the tax

1 in the total area covered by the contiguous cities favored its
2 imposition.

3 Sec. 3. Section 423B.7, subsection 1, paragraph a, Code
4 2017, is amended to read as follows:

5 a. Except as provided in ~~paragraph~~ paragraphs "b" and "c",
6 the director shall credit the local sales and services tax
7 receipts and interest and penalties from a county-imposed
8 tax to the county's account in the local sales and services
9 tax fund and from a city-imposed tax under section 423B.1,
10 subsection 2, to the city's account in the local sales and
11 services tax fund. If the director is unable to determine
12 from which county any of the receipts were collected, those
13 receipts shall be allocated among the possible counties based
14 on allocation rules adopted by the director.

15 Sec. 4. Section 423B.7, subsection 1, Code 2017, is amended
16 by adding the following new paragraph:

17 NEW PARAGRAPH. c. Notwithstanding paragraph "a", for local
18 sales and services tax receipts collected from a county-imposed
19 tax for any period of time during which the county-imposed tax
20 rate exceeds one percent, a proportion of such tax receipts
21 equal to the same proportion that the amount of the tax rate
22 in excess of one percent bears to the total tax rate shall be
23 credited to a special county natural resources and outdoor
24 recreation account in the local sales and services tax fund.
25 This paragraph applies to tax receipts remaining after the
26 credit provided in paragraph "b", as adjusted in section
27 423B.10, subsection 3, paragraph "d".

28 Sec. 5. Section 423B.7, Code 2017, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 6A. From each special county natural
31 resources and outdoor recreation account, the revenue shall be
32 remitted as provided in subsections 3 and 4 and when received
33 by the board of supervisors or city council shall be deposited
34 in a special fund created by the county or city and used by the
35 county or city as provided in section 423B.11.

1 Sec. 6. Section 423B.10, subsection 3, Code 2017, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *d.* (1) The calculations in paragraphs
4 “a” and “b” shall not include county-imposed local sales and
5 services tax revenue attributable to any portion of a tax rate
6 that exceeds one percent. If the county-imposed local sales
7 and services tax rate exceeds one percent during the base year
8 or any fiscal year following the base year, the department of
9 revenue shall, for purposes of the applicable calculations in
10 paragraphs “a” and “b”, reduce the amount of county-imposed tax
11 revenue collected from retail establishments located in the
12 area comprising the urban renewal area by the same proportion
13 that the amount of the county-imposed tax rate in excess of one
14 percent bears to the total county-imposed tax rate.

15 (2) If the county-imposed tax rate exceeded one percent for
16 less than the entire applicable fiscal year, the department of
17 revenue shall make the adjustment required in subparagraph (1)
18 only to the county-imposed tax revenue collected from retail
19 establishments located in the area comprising the urban renewal
20 area for the period of time the tax rate exceeded one percent.

21 Sec. 7. Section 423B.10, subsection 5, Code 2017, is amended
22 to read as follows:

23 5. In addition to the moneys received pursuant to the
24 ordinance authorized under [subsection 2](#), an eligible city
25 may deposit any other local sales and services tax revenues
26 received by it pursuant to the distribution formula in section
27 423B.7, subsections 3, 4, and 5, to the special fund described
28 in section 403.19, subsection 2, except local sales and
29 services tax revenue deposited in the special fund of a city or
30 county pursuant to section 423B.7, subsection 6A.

31 Sec. 8. NEW SECTION. **423B.11 Funding natural resources and**
32 **outdoor recreation projects.**

33 1. Moneys deposited in a special fund of a city or county
34 pursuant to section 423B.7, subsection 6A, shall be used by
35 the city or county only as provided in this section and only

1 to support voluntary initiatives and shall not be used for
2 regulatory efforts, enforcement actions, or litigation.

3 2. In addition to the moneys deposited pursuant to section
4 423B.7, subsection 6A, a city or county may deposit any other
5 local sales and services tax revenues received by it pursuant
6 to the distribution formula in section 423B.7, subsections 3,
7 4, and 5.

8 3. Two or more cities or counties may enter into an
9 agreement under chapter 28E to form an entity in order to carry
10 out any initiative described in this section.

11 4. Twenty-three percent of the moneys in each fund shall be
12 used to support the following initiatives:

13 a. The establishment, restoration, or enhancement of parks,
14 preserves, forests, wildlife areas, wildlife habitats, native
15 prairies, and wetlands.

16 b. Wildlife diversity.

17 c. Recreational purposes.

18 d. Technical assistance and financial incentives to private
19 landowners to promote the management of forests, fisheries,
20 wetlands, and wildlife.

21 e. The improvement of water trails, rivers, and streams.

22 f. Education and outreach that provide instruction regarding
23 natural history and the outdoors. The subjects of such
24 instruction may relate to opportunities involving recreational
25 purposes, outdoor safety, and ethics.

26 5. Twenty percent of the moneys in each fund shall be used
27 to support the following initiatives:

28 a. Soil conservation and watershed protection.

29 b. The conservation of highly erodible land.

30 c. Soil conservation or crop management practices used on
31 land producing biomass for biorefineries, including cellulosic
32 ethanol production.

33 6. Fourteen percent of the moneys in each fund shall be used
34 to support the following initiatives:

35 a. Water resource projects to preserve watersheds, including

1 but not limited to all of the following:

2 (1) Projects to protect, restore, or enhance water
3 quality through the provision of financial assistance for
4 impairment-based, locally directed watershed projects,
5 including water resource restoration projects as defined in
6 section 384.80.

7 (2) Regional and community watershed assessment, planning,
8 and prioritization efforts, including as provided in chapter
9 466B.

10 b. Surface water protection projects and practices,
11 including but not limited to the installation of permanent
12 vegetation cover, filter strips, grass waterways, and riparian
13 forest buffers; dredging; and bank stabilization.

14 7. Thirteen percent of the moneys in each fund shall be used
15 as follows:

16 a. Fifty-two percent shall be used to support initiatives
17 involving the acquisition, protection, and development of
18 parks, preserves, and open spaces, including multipurpose
19 trails, restroom facilities, shelter houses, and picnic
20 facilities, but excluding athletic fields, baseball or softball
21 diamonds, tennis courts, golf courses, swimming pools, and
22 other sport facilities.

23 b. Twenty percent shall be used to support the same
24 initiatives listed in subsection 8 of this section.

25 c. Twenty percent shall be used to support soil and water
26 enhancement programs, including but not limited to woodland
27 protection and enhancement, wildlife habitat preservation and
28 enhancement, protection of highly erodible soils, and clean
29 water.

30 d. Five percent shall be used to support historical resource
31 development programs.

32 e. Three percent shall be used for the development and
33 implementation of integrated roadside vegetation plans.

34 8. Thirteen percent of the moneys in each fund shall be used
35 to support the following initiatives:

1 to the department of revenue (department) and, except for
2 certain revenues attributable to urban renewal projects,
3 distributed back to the county and cities within the county
4 using a statutory formula involving population and historical
5 property tax revenues.

6 BILL CHANGES. The bill increases the maximum local option
7 sales tax rate that may be imposed by a county to one and
8 three-eighths percent (1.375 percent) from one percent. If a
9 county votes to initially impose or to increase the tax rate
10 above one percent, the bill requires tax revenues collected
11 on the amount of the tax rate in excess of one percent to be
12 remitted to counties and cities using the existing statutory
13 formula, and then deposited in a special fund of the city or
14 county and used exclusively for funding natural resources and
15 outdoor recreation projects as described in the bill.

16 The special fund moneys shall only be used to support
17 voluntary initiatives and shall not be used for regulatory
18 efforts, enforcement actions, or litigation. The bill allows
19 for two or more cities or counties to enter into an agreement
20 under Code chapter 28E to form an entity in order to carry
21 out any authorized initiative, and allows a city or county to
22 deposit other local sales and services tax revenues it receives
23 in its special natural resources and outdoor recreation fund.

24 The bill also amends the calculation for determining the
25 funding of urban renewal projects with local option sales tax
26 revenues to ensure that such calculation is not impacted by
27 local option sales tax revenues collected on the amount of the
28 tax rate in excess of one percent.